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NATIONAL FEDERATION OF SUBPOSTMASTERS

**REPORT OF A
MEETING OF THE
NATIONAL EXECUTIVE COUNCIL**

held on

5th, 6th, 7th January 2004

at

**THE GRIMSTOCK COUNTRY HOUSE HOTEL
WARWICKSHIRE**

Report of a Meeting of the National Executive Council

Held on the 5TH, 6TH, 7TH January 2004
at The Grimstock Country House Hotel, Warwickshire

Present Mr J Jannetta - National President and Chairman

Mr M Baker	Mrs J Kendall
Mrs I Bethell	Mr D Milner
Mr M Darvill	Mr J Morris
Mr N Ferguson	Mr J Peberdy
Mrs P Jenkins	Mrs S Reeves
Mr C Jones	Mr J Willshaw
Mr M Jones	Mr P Walsh

<i>In Attendance:</i> Mr C Baker	General Secretary
Mr K Davis	Senior Assistant General Secretary
Mrs M Stoddart	Assistant General Secretary

The PRESIDENT wished everyone present a happy new year and welcomed all to the first meeting of the Executive Council of 2004.

Apologies for absence had been received from MR BUTLIN.

DECISION

A/1 REPORTS AND RESOLUTIONS OF PREVIOUS MEETINGS

Report of the Executive Council meeting of 6th, 7th & 8th October 2003.
Resolutions passed at the Executive Council meeting of 6th, 7th & 8th October 2003.

A/2 MATTERS ARISING FROM THE REPORTS

MR M BAKER raised a point on Security, whereby a resolution had been passed that the Executive Council would make comments on the Security document that had been circulated at the meeting. Post Office Ltd had sent letters to members, which indicated that the Federation had endorsed Post Office Ltd's security policy. As the Executive Council had only decided to make comments it could not be construed as agreeing to the document. MR M BAKER asked if the Executive Council were going to refute what the Post Office had informed members as no resolution had been passed to agree to the document.

MR PEBERDY informed the Council that a meeting planned with Tony Marsh had been cancelled, as there had not been sufficient feedback from the Executive Council by the deadline. Therefore, Post Office Ltd had implemented the document. MR PEBERDY stated that he would raise the issue once again under A3, Security.

A/3 REPORT OF THE NEGOTIATING COMMITTEE**1. Future of the Post Office**

PO PZ

(a) Universal Banking

PO PZ 01

MR PEBERDY informed the Council that various papers had been circulated relating to Direct Payment. The latest being an update on the Pensions and Benefit conversion statistics, which appear slightly better than previously thought. It had been known that Child Benefit figures would not be good, as this business had already diminished. Pensions, Jobcentre Plus and other Benefits are moving in greater numbers.

THE GENERAL SECRETARY and members of the Negotiating Committee had visited EDS to see the process and why Card Accounts were being rejected. THE GENERAL SECRETARY went on to explain that the process was cumbersome; the original scan has two forms of correction before populating the complete template. What can and cannot be accepted is dependant on a person inputting an item and checking the screen to see if the final template matches. Representations are still being made on behalf of the Federation to prevent errors that are not Subpostmaster errors being attributed to Subpostmasters and whether the total process could be changed. THE GENERAL SECRETARY added that following the debate in the House of Commons, an all party group was set up to look into the effects of Universal Banking. Owen Paterson MP is the Secretary of the group and the group will look into the process and how it could be made easier. It remains that EDS do not receive any monies until the accounts are enlivened; therefore there is no reason why EDS should want to prevent accounts being processed.

It was put to the Council that at the October Executive Council meeting there was discussion as to whether rejected applications could be returned to Subpostmasters. MR PEBERDY said that this could not be done due to regulations, which included the Data Protection Act. A point was raised as to the fact that application forms are destroyed after five days. THE GENERAL SECRETARY informed the Council that after his visit to EDS he had made representations to Dave Miller requesting that a fault resolving process be added to the process already in place, to allow for errors such as the name being in the wrong line to be overridden. THE GENERAL SECRETARY is still awaiting a response.

There was some concern amongst the Council as Subpostmasters are now being threatened with disciplinary action for errors and that there is a need for evidence to prove that the errors are Subpostmaster errors. It was brought to the attention of the Council that because Line Managers were in receipt of an incentive bonus for achieving targets on Post Office Card Accounts some were too forceful in their approach to Subpostmasters. MR PEBERDY said that he would go back to Post Office Ltd with the intention of resolving this problem. He added that there was a problem with the Data Protection Act, but this was Government's problem. A point was raised that the Data Protection Act

was only for information that was stored on a computer and if applications were rejected they were not stored on a computer and therefore should be returned to the Subpostmaster. MR PEBERDY clarified that because the forms had been scanned on to the computer the Data Protection Act would apply.

Clarification was sought on the circulation dated 10 December 2003 on the Pensions and Benefits Conversion Statistics in relation to Child Benefit. MR PEBERDY and THE GENERAL SECRETARY talked the Council through the statistics and how they had been weighted, including the fact that the weekly and four weekly Child Benefit had been combined in the statistics and explained that 19.47% bottom line on the conversion table was the percentage for both on the take up of Post Office Card Accounts as a percentage of responses.

(b) Changes to the Benefits Payment System
Winter 2003 – Survey

PO PZ 01 05

The first results of the survey conducted by MORI on Subpostmasters' income had been circulated. MR PEBERDY asked that the survey be analysed by accountants and also felt that a presentation by MORI was necessary. This was the first result and it would need to be conducted again in six months time so as to show a better picture. This was taken at a time when Subpostmasters income may not have fallen, however it was a possibility that the next six months would reflect a different picture. The results contained information that could be used in dealings with Post Office Ltd on other matters. There was concern that the figures did not reflect a decrease in Subpostmasters' income. THE GENERAL SECRETARY informed Council that the information would need to be analysed to maximise its use. The next six months would also reflect the effect of Network Reinvention for Subpostmasters with regard to office closures. THE GENERAL SECRETARY emphasised the fact that there would be a need to know what the figures meant and it was necessary for someone to look at them and analyse and summarise the findings.

THE PRESIDENT raised a question on whether there would be any additional payment to MORI. MR PEBERDY responded by saying that the original quote included two surveys and the only additional costs would be if there was a deviation from the first cut when the second one was conducted.

MR M BAKER pointed out that results of the MORI survey showed that a high percentage of Subpostmasters indicated they did not know or refused to answer the questions. MR PEBERDY assured the Council that the Negotiating Committee had planned to ask about this, amongst other questions when they interviewed MORI.

(c) Campaign

MR PEBERDY reported that all the papers relating to the Campaign had been circulated. There had been a debate in the House of Commons, but unfortunately due to the fact that the Government had a high majority they were able to use this to their advantage. However, support is continuing from all parties and also the Cross Party Group has now re-enlivened. Martin O'Neale MP, who is the Chair of the Trade and Industry Select Committee, is still not happy. The Federation will continue to engage him whilst he is in situ in the House of Commons.

THE GENERAL SECRETARY moved on to the 'Bank at the Post Office' Campaign. He informed the Council that the packs were at present being printed for collation and will be ready for an anticipated postal date week ending 23rd January. 16,000 packs, each including 70 pre-addressed envelopes are being prepared to be sent to each office. These will be forwarded by customers to either the Royal Bank of Scotland (RBOS) or HSBC. When a sample pack arrives corporate non-members will be written to and asked if they would like to join in the Campaign. This would be a recruitment opportunity. The packs will be mailed to all Subpostmasters, including individual non-members, this will also be part of a recruitment Campaign. The covering letter will suggest that Subpostmasters collect the batches in from customers and forward them to the respective banks. The costings are:

16,000 letterheads with appropriate narrative	£ 679.00
1,120,000 1/3 of A4 cards with appropriate narrative	£10,550.00
1,120,000 white envelopes with one plate change	£ 9,800.00
16,000 mailite envelopes with second class PPI	£ 2,290.72
Inserts	<u>£14,400.00</u>
TOTAL	£37,719.72
VAT	<u>£ 6,600.95</u>
.....	£44,320.67
Packet Post to go to each individual Subpostmaster	<u>£28,320.00</u>
TOTAL	<u>£72,640.67</u>

A point was raised on why it had taken the length of time it had to commence the Campaign and why could it not have been conducted over Christmas. MR PEBERDY responded by saying that resources governed the commencement. Also that Christmas was too busy for Subpostmasters to issue the material.

THE GENERAL SECRETARY informed the Council that a message had been put out to organisations including Women's Institute, Help the Aged, Age Concern, so that people that do not normally use the Post Office will be steered by the newsletters to do so.

MRS BETHELL asked if the Executive Council could be provided with a copy of the card that the customers would be asked to sign. THE GENERAL SECRETARY responded by saying that the card would read:

"Dear Chief Executive

I the undersigned, would like you to enter into an agreement with Post Office Ltd to enable me to access my account, with your bank, at the post office.

If you are unable to help me in this matter I may have to reconsider my banking arrangements."

NAME _____ BANK _____

BANK ACCOUNT NUMBER _____

DATE _____ SIGNED _____

(d) Improvements to DTI Investment Grant

MR PEBERDY informed Council that the Post Office Ltd's £30 million fund for Subpostmasters to make improvements to their premises was not being taken up. Negotiations had taken place between Post Office Ltd and the Negotiating Committee to free up the parameters of what the money could be used for. Furthermore work had been done in relation to the £3 million for the Support Fund that the GENERAL SECRETARY had achieved from Allan Leighton and that it was sufficiently tied down to meet the DTI and everyone else's legal requirements on how the money could be used. The Support Fund is now officially in place, the Trustees to the Fund are the same as the Discretionary Fund. The relevant paperwork had been circulated on 23rd October 2003. The first two cases are with the Trustees at present. MR PEBERDY put to the Council that a message should be put out to the membership informing them that if they are a receiving office for Network Reinvention, they should not hesitate in putting what they wanted to on the original form because improving a customer's experience can go a long way.

It was raised that there seemed to be some confusion as to who is liable for the payment of moving equipment when a receiving office makes improvements. The Network Reinvention Team say that they will pay for the moving of equipment, however, Romec say that Network Reinvention is not paying. Also that Retail Line Managers are not aware of the £30 million Fund. Another point was raised on the level of security measures required when moving equipment such as screens, at that there had been a case where the ceiling needed to be lowered, which even with match funding the Subpostmaster could ill afford.

MR PEBERDY in his response stated that he understood from the last Network Reinvention meeting that Richard Barker had now informed Retail Line Managers of the availability of the Fund. He added that he believed the case where the ceiling that needed to be lowered was an individual case and that he would take it away with him from the meeting and investigate the matter. It was brought to MR PEBERDY's attention that this was not an individual case as the Security Manager had said this was an instruction and would be used across the board.

MR PEBERDY informed Council that if it was an original requirement that improvements were needed to receive customers then the money would be made available for the moving of Horizon and for Romec. There is a Government document that states what public funds can be used for and this must be adhered to. An office must be of a certain standard before any improvements can be made.

MRS JENKINS alerted the Council to the fact that the Welsh Development Funding had been suspended whilst investigations were taking place. It was believed that this was due to too few people getting too much money from the fund. She said that she would let the Council have further information on this when it was available.

(e) Network Reinvention

MR PEBERDY asked the Council if they had any Network Reinvention matters they would like to bring forward for discussion.

MR FERGUSON raised the issue of a Fund in Northern Ireland set up by the Department of Social Development. This is for the sum of £³/₄ million over 3 years for Urban Deprived Funding. MR FERGUSON asked MR PEBERDY if there was any other money available in Northern Ireland for Subpostmasters apart from this fund.

MR PEBERDY responded by saying that Network Reinvention would flow through. Urban Deprived grants are being dealt with at Headquarters by Nadeam Butt and suggested that the question be put to Nadeam Butt.

ACTION

MR PEBERDY informed Council that Network Reinvention was moving area by area at a fast pace. Postwatch are not happy and have said that Network Reinvention is been driven by Subpostmaster desire. MR PEBERDY has rebuked that statement as the Network Reinvention team are communicating with all Subpostmasters in an area where the model suggests that offices could be considered for Network Reinvention, even if they have not necessarily volunteered to close. It had been the case that the Network Reinvention team had asked for quick decisions from Subpostmasters. The Negotiating Committee have informed the Network Reinvention team that this should not have been happening and it was decided at the recent Network Reinvention Programme Board that a message go out to staff to allow Subpostmasters at least two weeks to make a decision. It should be made known to Subpostmasters that they should consider their options now as opposed to waiting for the Network Reinvention Teams to contact them. This message had gone out in the Subpostmaster and the Courier.

MR PEBERDY has informed Postwatch that if they object to a closure where a Subpostmaster has indicated his preference to close, they could cause upset because the Subpostmasters may well have already told staff and made arrangements for his future.

MR M BAKER asked MR PEBERDY if he could approach Lynn Hobbs with regard to whether there would be any financial support when an office fails to close after the public consultation exercise. Customers could have already moved their business elsewhere if they understood that the office was closing. Another problem had arisen whereby Subpostmasters were being approached by Network Development Managers and told that their offices were suitable for closure and if the Subpostmaster did not go ahead they could lose business and would not be considered in the future. Also Subpostmasters were being told that they would have to meet certain standards if they remained in the Network.

MR PEBERDY responded by saying that pressure should not be put on Subpostmasters to close. However, if the model suggested that income would fall then the Subpostmasters should consider the options. It has also become apparent that some Subpostmasters are frightened if they do not accept the offer to close they will upset Post Office Ltd. In response to MR M BAKER's question MR PEBERDY had raised the issue of financial support at the last Network Reinvention Programme Board meeting. The answer they gave was that they would need to see evidence and if the situation does prove to exist they will try to do something to publicise in the area that the office will remain open. It has been taken away to be looked at by the Projects Team, who will report back to the Board.

MR PEBERDY informed the Council that a three-stage escalation had been agreed with Postwatch. If Postwatch are not happy with the information provided initially they are allowed to subject the process to a further stage, where they are provided with further information, which is at national level, then to a further level where Peter Carr would become involved. This could mean that where an office goes through advance notification and gets to public consultation it could be withdrawn temporarily and looked at again when the rest of the area had been considered.

2 Human Resources

PC HR

(a) Post Office Ltd – Pro Sell Coaching Skills Course

PC HR 04

MR PEBERDY informed the Council that a letter had been received from Dave Miller in response to a letter from the GENERAL SECRETARY, as a Subpostmaster had been threatened that his contract would be withdrawn if he did not attend the course. Mr Miller's letter clearly indicated that it was not contractual to attend. There had also been an article by David Mills in Business Focus that if Subpostmasters did not attend the training they may not receive new products. The Federation's reply was that they had not noticed that the training was product training, but in fact sales coaching. If it were training then it would be supported. MR BETHELL said that the threat had not been rescinded in the correspondence.

MR M JONES pointed out to the Council that Post Office Ltd have a Bullying and Harassment policy, however in the letter sent to the Subpostmaster it stated 'I have been advised that failure to attend this course will be seen as you not wanting to be part of the future business of Post Office Ltd.' MR M JONES felt that this was bullying, and proposed that a response be written by the GENERAL SECRETARY to David Miller's letter telling him that it was felt that it was intimidation of a Subpostmaster. The proposal was seconded. THE GENERAL SECRETARY requested that he be allowed to find out if there had been any measurements undertaken on the courses to see if they were of value and Subpostmasters and their staff benefited from them, as it could influenced how the letter is written, he confirmed that he would not back down on the bullying and harassment issue. The decision was a unanimous one.

DECISION

ACTION

3. Mailwork

PC MP

(a) Mailwork Pay

PC MP 04

MR PEBERDY stated that correspondence had been circulated on the acceptance of Mailwork Pay. Letters had been sent to Lee Drohan regarding payment for parcel deliveries and P739's. A reply from Chris Howard had been circulated. The Negotiating Committee was not happy with his response about the reduction or cessation of residuum payment to offset any additional parcel work or P739's. It is the Negotiating Committee's intention to go back to Chris Howard as Post Office Ltd have a relationship with Royal Mail, whereby they bill Royal Mail for certain items and that the Subpostmaster should be paid the correct amount for this service. The services provided was frozen in the original Subpostmasters pay along with others, however parcel deliveries and P739's have grown out of proportion compared to other services.

(b) TDS/Single Daily Delivery

PC MP 04

MR PEBERDY stated that there had been some concerns over a letter that gone out relating to 'local collect', which is whereby a customer would be able to collect their mail from a sorting office after 8.30am, and whether Mailwork Subpostmasters be asked to provide this service. After a presentation on Post Office Ltd's intentions it was clear that 'local collect' would not apply to scale payment delivery offices, the letter circulated clarified this point.

(c) Scottish Bank and Public Holidays/ Easter Arrangements in Northern Ireland

PC MP 04

MR PEBERDY referred to a circulation which related to the work the Negotiating Committee had been doing to achieve more money for Mailwork Subpostmasters working Public Holidays as Post Office Ltd's proposal was to pay the standard excess attendance rate of £4.15 per hour, whereas Appendix F of the Mailwork Specification states that the enhanced rate of £25.00 per hour should apply to Bank and Public holidays.

THE PRESIDENT was of the opinion that the Federation were not being forceful enough with Post Office Ltd. Scottish offices were being forced to open their Mailwork facilities when the post office was closed as Post Office Ltd were trying to bring Scottish offices in line with English offices. This also affected offices in Northern Ireland. MR PEBERDY assured THE PRESIDENT that the Federation were pressing Post Office Ltd hard for a satisfactory conclusion on the issue and would carry on fighting to resolve the situation. The same would apply to holidays in Northern Ireland as Subpostmasters were doing extra work at Easter. There was an imminent Mailwork Forum meeting scheduled where further discussions would take place.

4. Network

PC NW

(a) ADSL Briefing

PC NW 06 01

MR PEBERDY informed the Council that correspondence circulated related to MR DAVIS seeking clarification on whether Subpostmasters should be paid for attending their offices earlier to provide access for an engineer to carry out works on the installation of ADSL lines for Horizon. The Federation's demand has been forwarded on to Douglas Craig and Chris Howard by Gareth Hall. A response is awaited.

(b) Security

PC NW 10

MR PEBERDY referred to a letter that had gone out from Post Office Ltd that inferred the Federation had approved a publication, Security Counts, which would form part of the Counter Operations Manual. A meeting with Tony Marsh is planned as the meeting that should have taken place to discuss the Counter Operations Manual had been postponed. Concern was raised as to Subpostmasters being forced to have their screens fitted by certain companies that were not in the local area, which increased the cost of fitting. There was also a concern as Subpostmasters could be culpable if there was an incident and a fault was found on the screen, ie a screw missing.

Suggestions were made that a paper needed to go out to Subpostmasters clarifying the procedures they must follow when using Alarm 2000. It became apparent that the earlier installed Alarm 2000 did not allow for different zones, whereas the ones installed more recently had the zone facility and that the earlier installations should be re-visited and brought in line with the more recent installations. It was felt that there needed to be clarification sought on whether or not it was mandatory to use the daytime locking facility on the safe.

MR PEBERDY thanked the Council for their suggestions and said that Alarm 2000 would be put on the agenda for the next security meeting along with Counter Operations. He informed the Council that Tony Marsh had recently secured £10 million for security, of which a substantial amount would go into Alarm 2000, he would ask that some of the money be used to upgrade the earlier systems. MR PEBERDY informed the Council that Romec are not the only supplier and that they tender for work, which meant they needed to tender competitively.

5. Product Range

PC PR

(a) Unsecured Loans

PC PR 13 01

MR PEBERDY informed the Council that the pilot on unsecured loans is currently in progress and the figures are awaited. The current rates apply to the pilot and David Mills has agreed that negotiations on rates to be applied would begin on roll-out, which the Negotiating Committee will bring to the Council when available.

MR M BAKER raised a concern that David Mills had said he wanted to develop a call centre, which meant that this may generate one-off payments to Subpostmasters if the call centre contacts customers and sells direct from data that had been supplied by Sub Post Offices.

MR PEBERDY asked MR M BAKER if David Mills had said he would sell direct? He added that there was an acceptance from Allan Leighton that Post Office Ltd were looking at lifetime payments and the Negotiating Committee's desire was for lifetime income on all new products. MR M BAKER answered by saying that David Mills had said Post Office Ltd were going to have their own call centre and that they would direct sell. MR PEBERDY assured the Council that the Negotiating Committee were determined to get behind the figures on the personal loan trial and address them as necessary.

(b) Overseas Attraction Tickets

PC PR 13 01

MR PEBERDY informed the Council that there had recently been a proposal that Post Office Ltd would sell overseas attraction tickets through Travelcare at the Co-op. MS STODDART had spoken with Chris Howard. Further clarification is awaited on this.

(c) Budget Savings Stamps

PC PR 15

MR PEBERDY informed the Council that the Negotiating Committee were going to go back to Post Office Ltd to find out more about the accounting instructions and anything associated with the scheme to allow them to assess what the offer actually was and if there could be some improvement, as well as finding out more about the operating instructions.

ACTION

It was suggested by some members of the Executive Council that it would be better to promote a plastic swipe card instead of stamps, as stamps were open to forgeries. MR PEBERDY said that he would raise the possibility with Post Office Ltd.

6. Subpostmasters Contract

PC SC

(a) Error Notices – Unpaid Cheques

PC SC 27

MR PEBERDY referred to the correspondence that had been circulated in respect of a Subpostmaster receiving an error notice when accepting a cheque that bounces. Post Office Ltd will not return the cheque to the Subpostmaster until the error notice is paid, they will only send a photocopy, which the Subpostmaster cannot present to the customer in requesting payment. Some members of the Council said that even when the error notice was met cheques were still not being returned to the Subpostmaster and as cheques needed to be represented within six months of the date on the cheque the Subpostmaster could not reclaim the amount.

MR PEBERDY assured the Council that the Negotiating Committee had pressed Post Office Ltd and have been assured that a new process is in place whereby the cheque would be returned to the Subpostmaster within fifteen days of the error notice being met. If the cheque has the correct information an error notice would not be issued. An error notice would be issued if the cheque has wrong information, such as incorrect card number. Post Office Ltd claim that the cheque is their property until the error notice is met.

(b) Post Office Counters Ltd – Errors/Omissions

PC SC 27

MR PEBERDY referred to legal advice that had been sought by the Federation on whether Post Office Ltd could enforce deduction from salary for errors omissions. The advice had been circulated, which was it was felt that Post Office Ltd were entitled to exercise this right under abatement or set off although the contract does not have a provision in it for deducting monies from Subpostmasters Pay. MR M BAKER informed Council that abatement or set off was common law and could be superseded by statute law, which the contract would be classified under. He asked that a further request be made to the Solicitor that as it is not in the contract then common law could not be used. MR PEBERDY informed Council that Post Office Ltd have said they will not pursue this method of reclaiming money from a Subpostmaster unless existing process errors had been exhausted and that it is agreed that the Subpostmaster is in breach.

THE GENERAL SECRETARY assured the Council that Post Office Ltd had made the commitment that it would only apply when an error had been identified to a specific Post Office and the Subpostmaster had refused to pay. He then suggested that the Federation not speculate as to if's, but's and maybe's, but see what actually happens.

It was brought to the Council's attention that Subpostmasters had been threatened with three months notice when error notices were issued for 'wish you were here'. THE GENERAL SECRETARY responded by saying that Post Office Ltd had written off 20% of the error amount because they accepted that the operational instructions were confusing. He added that there was a procedure by means of the Subpostmaster appealing to their line manager.

THE GENERAL SECRETARY added that he would be prepared to take forward any individual case where it was deemed that the Subpostmaster had been treated unfairly. He added he would be grateful for these as soon as possible.

It was felt that the Federation should write to Post Office Ltd and ask for firm guarantees on their intentions. It was also felt that Subpostmasters would agree to errors if they were threatened with loss of contract.

MR M JONES proposed that a letter should be written to Post Office Ltd, noting the letter that had been sent to Federation members, that the Federation were consulted but had not been in agreement and that the Federation would monitor the situation very closely to make sure that deductions from salary for error notices only apply to Subpostmasters who have agreed the error notices, but refuse to pay. The proposal was seconded. The decision was unanimous at the vote.

DECISION

ACTION

7. Subpostmasters Pay

PC SP

(a) Pay 2003

PC SP 2003

MR PEBERDY informed the Council that there had been verbal representations made to Post Office Ltd and that the General Secretary would be writing to the Chief Operating Officer, David Miller to get the payslips clarified, as it was not easy to assess pay from the payslips the way they are currently formulated. The Pay Revision Booklet is now available. He added the helpline were not helpful when Subpostmasters ring them.

ACTION

(b) Increase in ATM Payment Rates

PC SP 01

MR PEBERDY referred to correspondence that had been circulated on the increase in ATM payment rates as a consequence of the convenience fee increase. The Executive Council have never agreed a rate for ATM payment. Any decision would be a commercial decision for the individual Subpostmaster. The Negotiating Committee will inform Post Office Ltd that the Federation have no comment.

(c) E-Top Up's

PC SP 01

MR PEBERDY informed Council that it was the Negotiating Committee's intention to write to Post Office Ltd and inform them that they did not consider E-Top Up's to be a core product and that it was up to the individual Subpostmaster to make their own decision as to which way they wish to continue serving customers with E-Top Up's.

(d) Littlewoods Home Shopping Trial

PC SP 01

MR PEBERDY referred to an e'mail from Gareth Hall, NFSP Liaison Manager, which showed that the trial, which started on 5 September and ran to 21 November had resulted in 2868 applications for Littlewoods catalogues of which 299 customers had gone on to buy goods. This triggered a payment of £10.00 to the Subpostmaster. The Negotiating Committee considers the rate to be an interim one and if it rolls-out then they reserve the right to negotiate accordingly with factual information from the pilot.

(e) Smartpost/Postage Labels

PC SP 01

MR PEBERDY stated that there had been a meeting with the Smartpost User Group and the Negotiating Committee were still awaiting a meeting with Chris Guy, Client Manager, to make further representations on an increase for Smartpost Labels.

MR DAVIS informed Council that there was one outstanding issue from Smartpost, which was with regard to changing the process. This was so that it would be possible to stay in Smartpost rather than 'return to customer' after each transaction. After a poll on views as to which was the preferred option the result showed that there was an even division in the figures. Post Office Ltd have said that it would have to be left as it was or change it, once changed it could not be changed back. Post Office Ltd are now awaiting a decision from the Executive Council.

MR WILLSHAW proposed that the system remain in Smartpost. The proposal was seconded.

Concern was raised as to multi-position counters and if one position were in Smartpost would another position be able to pick it up. MR DAVIS explained the system at the moment meant that you could use the system on multi-position counters and switch from one to the other. It was put to Mr Davis that he seek clarification. MR WILLSHAW'S proposal was carried after a vote.

ACTION

DECISION

(f) Bunches

PC SP 01

Correspondence had been circulated and MR PEDERDY informed the Council that the Federation had declined an offer to meet with the Client Manager at Post Office Ltd because the product was a non-contractual non-core product and there was an alternative product available to Subpostmasters.

(g) GMPTE Travel Smartcards & Other Schemes

PC SP 01

MR PEBERDY referred to correspondence circulated, whereby Post Office Ltd had been working with Greater Manchester Public Transport Executive on their Travel Smartcard Scheme. He said the scheme was unlikely to be implemented before 2005 as some of the smaller bus companies in the surrounding area are not prepared to fund the capital.

(h) Excess Attendance

PC SP 02 03

MR PEBERDY addressed the Council, indicating that the correspondence circulated was clarification of what Scheduled and Unscheduled Excess Attendance was and when it was paid. The rates have been published in a definitive document, which has been sent to all Subpostmasters explaining when they can claim.

(i) Branch Telephony – Split Billing

PC SP 02 06

MR PEBERDY informed Council that the Negotiating Committee had secured from Post Office Ltd a list of telephone numbers that are being used for business calls in respect of the split billing arrangement. These have been circulated. A request has been made to ascertain what mechanism will be available for regular business calls by individual Subpostmasters. A reply is still awaited. Mailwork office phone numbers are not included in the list as Mailwork Subpostmasters currently claim by submitting bills to the P & O.

(j) Pay Review Action Group

PC SP 09

MR PEBERDY informed Council that the Pay Review Action Group were working with Post Office Ltd on a revised payment system. Post Office Ltd have downloaded the present Subpostmasters payment system and removed data such as 'Your Guide'. The current payment system is Subpostmaster specific and not office specific, as when an office changes hands a new payment is created. The Pay Review Action group are not yet in a position where they can open up the negotiations to the Negotiating Committee or membership at present as work is still continuing.

MR PEBERDY added that the Pay Review Action Group are looking at other types of offices including the Rural Community Network restricted hours and what impact a new payment system would have on the commercial Network. There is still a lot of work to cover and a further meeting is planned to advance work on the commercial sector and to see what the results show after cuts had been made from the data: the effect on the core payment and interaction with the transaction payment.

Several members of the Executive Council shared their frustration at the length of time negotiations were taking. MR MILNER proposed that the Executive Council submit a pay claim for April 2004. The proposal was seconded.

ACTION

MR PEBERDY confirmed that the Negotiating Committee had met on Sunday 4th January and had decided to submit a draft letter for the pay claim at the March Executive Council meeting. THE PRESIDENT asked MR MILNER if in his proposal he intended the pay claim go in immediately rather than at the March meeting. MR MILNER proposed that the pay claim be discussed at the current meeting. MR PEBERDY pointed out that it would be difficult to write a letter at the current meeting with correct factual information and asked that the GENERAL SECRETARY and Negotiating Committee be given time to compose the letter.

MR PEBERDY assured the Council that Allan Leighton had already agreed that £10 million would be made available to Subpostmasters, thus ensuring that there would not be losses. The Pay Review Action Group do not believe this will deliver a 10-20 percent increase for Subpostmasters and that at the next Pay Review Action Group meeting it will be put to Post Office Ltd that a figure of nearer £100 million would be needed to cover the increase needed.

MR MILNER withdrew his proposal and proposed 'As a matter of urgency this Executive Council remit to the Negotiating Committee the work of identifying a pay claim for Federation members to be submitted to Post Office Ltd before the March Executive Council meeting'. The proposal was seconded.

THE GENERAL SECRETARY made reference to the graphs on pay attached to October 2003 minutes and that an amalgamation of 6 & 7 was the preferred option. He added the process had been time consuming, but Post Office Ltd are now following the same agenda. There had also been a lot of work done on the 3-tier system, which are core and sales motivated payments and what products should go into core and sales. Time has been spent on the urban commercial offices system as how the system would be relevant to the rural network. THE GENERAL SECRETARY added that there was not enough time to download the information for the whole network, which meant there would be a need to look at the figures that were available. He then confirmed that a letter would go to Post Office Ltd informing them that because the pay review was taking longer than expected they should expect a pay claim. The letter would need to be formulated to secure as much money as possible for Subpostmasters.

MR PEBERDY shared with the Council the draft agenda for the next Pay Review meeting with Allan Leighton, which was:

- a) To share progress to date on options modelled at earlier recommendations.
- b) Confirmation of funding available.
- c) Timescale for completing the review.
- d) Communications.

MR PEBERDY said the meeting would be an opportunity to get some answers from Allan Leighton on when he perceives his team to finish the work so as agreements can be made.

THE NATIONAL PRESIDENT asked MR PEBERDY for clarification that the Negotiating Committee would submit the pay claim sooner rather than later. MR PEBERDY assured THE PRESIDENT that if MR MILNER's proposal was carried and remitted to the Negotiating Committee a pay claim letter would be sent before the end of January.

MR MILNER put his proposal, which was, 'It is a matter of urgency that this Executive Council remit to the Negotiating Committee a pay claim that be put to Post Office Ltd by the end of January rather than leaving it to the March meeting. The vote was carried unanimously.

DECISION

ACTION

(k) Opening Hours

PC SP 2003

MR PEBERDY announced that there was a proposed trial for 5-10 offices on different opening hours. The Negotiating Committee had been asked to suggest offices as volunteers as well as asking MR M BAKER if any offices in his region wanted to participate in the trial, this was because the idea had been discussed at a meeting in Bristol. MR PEBERDY referred to correspondence that had been circulated, in which Sue Huggins had indicated that there would be terms of reference, which could have been based on BTH's per annum and must have a host retail business. This was not acceptable and therefore the terms of reference in the letter do not apply at present. MR PEBERDY added that discussions would take place at the next Pay Review Action Group meeting to get the trial up and running.

MR PEBERDY went to say that so far there were eight volunteers who wanted to participate in the trial. The trial would allow for flexibility as some of the village post offices may want to change their hours to longer or even to incorporate a siesta, for example close between 2pm and 5pm and open from 5pm to 9pm. The intention is to reduce costs, both for the post office and the retail side and to see what impact it has on income. Allan Leighton has agreed that no Subpostmaster would lose any money and that it would need to be a win win situation for both the Subpostmaster and Post Office. MR PEBERDY said he hoped the pilot would go ahead with the Executive Council's approval.

MR M BAKER shared his concerns that Post Office Ltd were going to make money from a change in opening hours. The intentions of the meeting in Bristol was that a change of opening hours whether shorter, longer or different was so that the Subpostmaster mitigate his rising costs that made his hours more profitable, this included staff costs, because remuneration was not going up in line with the costs of running offices. He could then close his office at quite times and open at busier times. MR BAKER was concerned that Post Office Ltd may reduce Assigned Office Payment and asked that this be addressed at the Pay Review Action Group.

MR PEBERDY read out the last paragraph of Sue Huggins letter dated 30th December, in which it stated '*In the meantime, we are not currently engaging in a proactive campaign of reducing hours amongst non-resigning branches*'. The Negotiating Committee will go back to Sue Huggins on this, because as far as the Negotiating Committee are

concerned the agreement with Post Office Ltd on the ability to change an offices hours or status is contained in ACC 46/2002. The Negotiating Committee believe that Sue Huggins has informed Retail Transfer Advisors that when an office resignation goes in, Salford reviews the hours. The Negotiating Committee believes this is to find out how much top-up payment is being paid and reducing the hours accordingly so as no top up is paid. This is not what should happen and is of detriment to members as it could affect the price agreed by the resigning Subpostmaster for his/her business. This will be taken up with Post Office Ltd.

MR DAVIS referred to the ACC 46/2002, which Sue Huggins claims gives her the right to change hours, but in fact relates to the contrary. He read out the relevant section as follows:

Introduction – Restricted Post Office Branches

During the early 1990's Restricted Opening Post Office branches were introduced as a solution where there was a difficulty filling a vacancy for a full time office. This applied to outlets with volumes between 50,000 and 125,000 units. MR DAVIS then read another section of the ACC. 'In cases where we cannot fill the vacancy as full time, the vacancy should be advertised as a Restricted Opening branch on the basis of the revised banding calculated by the payroll team'. MR DAVIS added that both quotes referred to where a vacancy could not be filled. There had been a case in Springfield where the Subpostmistress had found a buyer to take on her office full time and on counselling had been told that the hours in her office would be reduced. As far as the Federation are concerned the ACC does not authorise this.

MR M BAKER put to the Council that if Subpostmasters were thinking of selling their office they should be advised to request a pre-resignation interview. He asked that an article be placed in the 'Subpostmaster' Journal and go out as a BSC. He added that if members are notified of change of hours they let the Federation know.

ACTION

(I) Review of Banking Rates of Pay

PC SP 01

MR PEBERDY informed the Council that the Negotiating Committee had for some time attempted to get information needed for a six-month review on banking from Post Office Ltd. He told Council that Post Office Ltd have now brought in Paul Williams as a dedicated person to collate the information needed. The Negotiating Committee are now canvassing dates for the first meeting to open the review for the banking payment system.

8. Insurance

CL IN

(a) Home Insurance

CL IN 02 01

MR PEBERDY referred to the correspondence that had been circulated, which was information on the Home Insurance re-launch and the figures showed that sales have topped 1500 in the fifth week of the trial. The trial

has been extended to the end of March and Subpostmasters receive £5 for each policy issued. Confirmation has been received that although the product is on the Internet it cannot be sold from there. The previous home insurance product had now ceased and is with another provider.

9. Department of National Savings

CL NS

(a) National Savings and Investments (NS&I) Card Accounts CL NS 07 03

MR PEBERDY told Council that the Negotiating Committee had discussed NS&I and were of the opinion that it was not what the Executive Council wanted. The GENERAL SECRETARY put this in writing to Dave Miller on 9 December. Post Office Ltd had brought out a press release on memoview on the product. MR PEBERDY added that a letter was received from Chris Howard dated 23rd December requesting a meeting, which has now been arranged for 26th January. The Negotiating Committee will tell Post Office Ltd that Subpostmasters will not offer the product for the 10p for a deposit and 12.5p for a withdrawal, as at present they receive 32p and 38p for the ordinary account.

MR M BAKER raised the issue that if the Negotiating Committee were going to negotiate a better rate for the product then the same should apply to other products such as Barclays automated withdrawals. THE GENERAL SECRETARY in his response said that is precisely why this stance was being taken. However, the reason for low pay on present automated banking was because there was a Link interchange fee and it appears that there is no interchange fee for the NSI product. He added that a firm line was being taken as this could establish a benchmark for the new financial service products that become available. MR PEBERDY said that the product also had ATM availability and Link functionality, which meant the product would be used elsewhere and drew the Council's attention to an email received from Gareth Hall which stated 'Access will continue via post office branches, as well as by telephone, the Link network of ATM's and by post'.

MR C JONES raised concern that if Negotiations were to take time would the Federation advise members not to conduct the transactions. THE GENERAL SECRETARY responding by saying that before advising members not to conduct transactions it would be necessary to find out if it could be construed as industrial action and that it was up to the Executive Council which way they want to proceed. MR C JONES proposed that 'in the event that the negotiations of 26th January prove unsuccessful we advise our members not to conduct the new National Savings Bank transactions'. The proposal was seconded.

MR PEBERDY stated that the Federation would need to be careful in what actions they take as if the product was a core product it will be contractual to offer it and must insure that the members are not put in breach of contract. He added that Post Office Ltd still communicate very late in the day with the Federation and it appeared that they did not want the same relationship as in the past because they perceive the Federation as a trade union. He felt that the Negotiating Committee should proceed with necessary caution and take advice from the Council.

MRS KENDALL spoke against the motion by saying that it was necessary to see what the outcome of the meeting scheduled for 26th January was. She also felt that if the product was rejected it could affect relationships with other banks who the Federation are presently encouraging to make their services available at Post Offices. MR M BAKER said that the proposal should contain the words 'subject to treating this as industrial action'.

THE GENERAL SECRETARY alerted the Council to the fact that if the motion was passed it would be likely to result in the taking of industrial action. MR C JONES withdrew his motion. THE GENERAL SECRETARY said that a successful outcome would be sought on the 26th January. He added that advice would be sought to see where the Federation stood if the offer was not acceptable.

MR DARVILL asked if MR PEBERDY could go to the NS&I and ask them to remove the Link element. MR PEBERDY in his response said that he would get the facts although NS&I being the client have probably made the decision to go down the route of Link. MR FERGUSON asked MR PEBERDY if he could find out how much Post Office Ltd were getting for the NS&I transaction bearing in mind that Basil Larkin had accepted bad deals in the past – could Allan Leighton and David Mills be doing the same. MR PEBERDY said that this would be done.

ACTION

10. Royal Mail

CL RM

(a) Smartstamp

CL RM 03

MR PEBERDY shared his concern as to what the consequences would be with regard to the Internet stamps as he had received a telephone call from a colleague who prints bar codes on adhesive labels for Royal Mail. Royal Mail has asked him to attend a meeting to discuss a security label for postage.

MR DAVIS had received a telephone response to his letter to Gareth Hall dated 26th November on the results of the Smartstamp trial. Post Office Ltd had not replied to the letter as the trial was due to end 26th August 2003, but it did not start until December. MR DAVIS has been assured that he will be provided with the information as soon as it is available.

MR PEBERDY informed the Council that the Negotiating Committee were going to discuss the Federation's relationship with Post Office Ltd and will report to the Council any further concerns. He added that it could be that Post Office Ltd felt they had won something in the pay round as Post Office Ltd do not think the Federation add any value to them and that their attitude had definitely hardened.

There being no further items to discuss under this section of the Agenda, MR PEBERDY requested that A3 be moved.

DECISION

A/4 CONFERENCE MATTERS

(a) Report of the National Executive Council

The draft Annual Report was considered, amended and agreed.

DECISION

(b) Conference Grants to Delegates (UFF)

Conference Grants to delegates agreed to be increased from £140 (for 2003) to £150 for 2004, but abated by £10 to contribute towards the cost of gala dinner at Annual Conference on Tuesday 11 May.

DECISION

A/5 (A) REPORT OF THE PUBLICITY & DEVELOPMENT COMMITTEE

1. Report of Previous Meeting

MRS JENKINS (Chairman of the P&D Committee) drew attention to the circulated report of the Committee's meeting on 27-28 November and lighted points in the Committee's deliberations in a Powerpoint presentation (copy attached).

2. Annual Conference

(a) Annual Conference 2004

FM AC

Slides 2-5. Following additional points noted:

Gala Dinner, Tuesday 11 May 2004

7 pm	Civic Reception
7.45 pm	Dinner
9.30 pm	Speeches – Honorary members
10.30	Dancing
1 am	Finish

- £10 nominal charge for dinner to be deduced from Delegates Grant (£150)
- £10 to be charged for spouses/partners and branch guests
- £22 for other visitors (eg, exhibitors)

Exhibition - It was agreed that it should be left to the P&D Committee to decide whether it was appropriate for Demasar to be invited to exhibit.

Church Service – Executive Officers were advised that it was some distance from the Grand Hotel to the Central Church, Tor Hill which might be too far for some to walk.

(b) Annual Conference 2005 Scarborough 16-18 May

FM AC 2005

Slide 6. Scarborough Spa Complex again booked but the NFSP had written commenting on 2003 Conference, ie, rain coming through roof, poor sound quality, lack of air conditioning.

(c) Annual Conference 2006 (Venue & dates)**FM AC 2006**

Slide 6. Provisional bookings noted, matter left in abeyance.

(d) Review and Format of Conference**Motion 78/2003**

Gwent Branch & SWSW: *"That this Conference instructs the Executive Council to change the format of Annual Conference to reflect the major changes which are occurring in the network".*

Slide 7: Committee undertaking consultative process to gain input from Regions/Branches letting representatives make their own suggestions and contributions. These to be collated to formulate a consensus recommendation. The meeting in North East had been very helpful – representatives had thought Conference current confrontational when it ought to be constructive, professional and policy-making. Motions at Conference seen as often being based on a personal viewpoint and not suitable for national debate. 2 further meetings were planned: one in north with Scottish, Northern Ireland, NWNW and Midland representatives invited, one in London with London, SE, SWSW and NTEA representatives invited. A further report to be given at March EC.

In reply to a suggestion from THE CHAIRMAN that regions be asked to submit their thoughts via their Standing Orders representatives in writing, MRS JENKINS considered face-to-face dialogue more useful. If changes were to be made it would be unfair not to have gained the best possible input. As outlined in the P&D's previous report, it had been intended to consult each region individually but that had been curtailed into 2 more meetings as described. There were cost implications but the feeling of the P&D Committee was that in the long run it would be well worth it.

3. Membership**FM MS****(a) NFSP Members Website****FM PB 08**

Slide 8: The website went live on 1st October and members had received their membership card during that month. It was not possible at present to count the number of hits on the website but, to date, the number of members who had registered on the site was only 520, ie, only 5% of membership.

Suggested that as a "fanfare" an article on website should be put in "The Subpostmaster" together with the website address highlighted in every edition. MR WALSH said if the article was written he would be happy for it to be included.

The site was linked to Management Advisory for members to gain access to advice on employment law, etc. Also suggested for the future were other links, eg, to Retail Academy (but a link back from the Retail Academy, or other organisation, to www.subpostmasters.info would not be suitable because the members' website was exclusive to members. There could, however, be links back to NFSP public website www.subpostmasters.org.uk)

(b) Recruitment

FM MS 03

Slide 9: Another mailout to non-members to take place soon. Philip Bloor now in charge of membership and statistics. Suggested there should be a meeting between Mrs Jenkins, Philip Bloor and David Beaumont about checking statistics on non-members - following which it might be possible for recommendations/information to be given to other Branch or Membership Secretaries to help them undertake a similar exercise.

4. Promotional and Publicity

FM PP

(a) "Subpostmasters 2003" Exhibition – review

FM PP 01

Slide 10: Recommended that rostering was best method of manning the stand and continued for 2004.

(b) "Subpostmaster" Exhibition – future strategy

FM PP 01

Slide 11: Attention drawn to the report of the meeting with Trades Exhibitions on 19th November and recommendation of Wembley venue for 2004; Trades Exhibitions to ascertain availability of NEC for 2005 - not necessarily in October. Article to be put in "the Subpostmaster" and circulated BSC asking for suggestions of niche products/companies interested in exhibiting with, perhaps, an incentive prize or gift. Suggestion of social function – possibly to coincide with the "Sub Post Office of the Year" with possible transport/accommodation deal. Recommended that Nadeam Butt should meet with the P&D Committee to discuss.

(c) Carrier Bags

FM PP

Slide 12: Difficulties in distributing plastic carrier bags which, in bulk, were heavy. MRS JENKINS had asked Nadeam to see if a company, such as Magsons, might undertake distribution. Nadeam reported back that Magsons were looking at it and hoping to get something in their catalogue for January – but not necessarily with NFSP logo. Allan Leighton also mentioned something about carrier bags at "Subpostmaster 2003". Further developments awaited.

Executive Officers reported that it was thought Magsons could be in difficulties, it was closing its Northampton Branch.

(d) Quarterly flyer

Slide 12: Logistics problems of how to get sufficient copies of subpostmasters who might want every customer to pick up a copy. Other subpostmasters thought flyers a nuisance and littered shop. Keith Nichols to be written explaining massive print runs and distribution facilities needed and why Federation did not recommend taking up suggestion.

(e) Posters

FM PB 02

Slide 13: At the beginning of 2003 posters were included in "The Subpostmaster" journal – ie, "As Easy as ABC" "As Easy as Pie" and then "Bank at your local Post Office". Committee considered various wordings for new poster and recommended "Does YOUR bank let you collect cash here? Ask us today". This would support the targeting of major banks to allow customers to use their local post office for banking transactions. However, final design of poster still to be agreed.

(f) "The Subpostmaster"

FM PB 01

Recent difficulties experienced because of Georgina Daly having had an operation. MR PETER WALSH (editor) had indicated that he would not be standing as editor at Conference 2004. Matter left in abeyance – see Editor's Report.

5. Training

FM MS 04

Slide 14: MRS JENKINS said that there had been 28 response bookings for training workshops. The majority of students opted for one specific module. The time gap between the introductory workshops and modules was deliberate because of the Christmas period.

MR JANNETTA queried payments being made – ie, to Retail Academy to provide the training by another source as it was a commercial organisation.

MRS JENKINS replied Retail Academy had commercial backing of Further Education Colleges and was made up of a number of organisations including private sector and trade organisations. All were partners in the Retail Academy including the Federation. The funding for the pilot had been obtained from the Learning Skills Council following a successful bid for European funding and most the amount of it was for the training itself and went direct to the Colleges involved in the pilot. Subpostmasters only had to pay a registration fee, they did not pay for training. The Retail Academy had money for providing learning materials, administration and set-up costs. Accreditation for the training was from City & Guilds following an on-line test at the end of the modules. If 7 modules were successfully undertaken there was a "Certificate in Retail Practice". This was not an NVQ2 but was similar to it and was at that level.

6. Conference Resolutions 2003

Motion 75 South Wales & South West Regional Council

"That this Conference authorises the P&D Cttee to insert appropriate publicity material into the journal, for copying by members, and to invoice branches for the additional costs on a per capita basis."

Motion 76 Swansea Branch & SWSWRC

"That this Conference instructs the Executive Council to initiate a publicity campaign to encourage customers already using a bank account for their pension to transfer to the Post Office."

Motion 78 Gwent Branch & SWSWRC (see Agenda item no 2(d) above)

Motion 79 Gwent Branch & SWSWRC

"That this conference urges the Executive Council to allocate specific human and financial resources to provide support for rural members in the form of a "rural business officer" where appropriate in each Region.

Motion 80 Northumberland & Tyneside Branch & NERC

Slides 15 and 16: Action on all the Resolutions allocated to the P&D Committee fully reported.

Resolution 78 - still work in progress, Committee not yet in a position to make a detailed report to the Executive Council or in the Annual Report.

Resolution 79 – verbatim Report of Conference did not make requirements of Resolution clearer. P&D had taken unusual step of writing to each Region to get their view. Once responses received it was hoped proposals could be put forward, however, in the middle of EC elections trying to implement any fundamental changes might be premature. Therefore, work in progress.

NFSP MEMBERS' HANDBOOK

MR PEBERDY commented that members had been asking for copies of the Members Handbook and asked whether it was the intention to publish this again.

MRS JENKINS replied that this was an item on the Committee's agenda but she herself had not received any requests for a copy of the handbook; much of the material was available on the Federation members website.

After a discussion the Council remitted the publication of a new Members' Handbook to the P&D Committee for further consideration in order to report back at the next EC meeting.

ACTION

7. Dates of EC Meetings

March 14-17 2004	Grimstock Country House Hotel
June 21-23 2004	Grimstock Country House Hotel
Oct 4-6 2004	Grimstock Country House Hotel

It was proposed, seconded and approved that the January 2005 meeting of the EC should commence after the weekend after the bank holiday weekend, ie Monday 10, Tuesday 11 and Wednesday 12 January 2005.

DECISION

THE CHAIRMAN voiced a complaint about the service experienced during the current stay at the Grimstock Country House Hotel: no chef on duty in evening, some people having to wait for their dinner, portions too small, hotel staff seemed less than happy.

It was recommended that an alternative venue for Executive Council meetings be researched.

ACTION

The Report of the P&D Committee was accepted as reported and presented.

DECISION

(B) FEDERATION TRUSTEES REPORT

In the absence of the Chairman of the Federation Trustees (Mr Alan Butlin) THE GENERAL SECRETARY advised that the Trustees had met on 5 January. It was reported that maintenance work on Evelyn House would be undertaken over 2 weekends in January.

The Trustees had looked at the broker's advice - not concerning the advice itself but the fundamental change in the relationship with Laing Cruickshank because of what amounted to a 50% increase in fees, with a minimum annual payment of £8,000. It had been agreed that Mr Philip Bloor should ascertain for the Federation what other brokers charged for a similar service. (He confirmed in response to a query, the similar action was being undertaken on behalf of the Trustees to the Board of Benevolence)

The Report of the Federation Trustees was accepted.

DECISION

A/6 SPECIAL MATTERS

(a) Finance

Treasurer's Report

FI AC 02

MR JANNETTA, the National Treasurer, referred to the interim financial review and his circulated report. He stated he was relatively happy with the situation of being in the black with a surplus in funds arising from commercial income. This was good because the more commercial income there was the less the Federation had to rely on subscription income. However, as a membership organisation it was important to be prudent with expenses as money must be accounted for to members.

DECISION

The National Treasurer's Report was accepted.

(b) Journal

Editor's Report

FM PB 01

MR WALSH, Editor, apologised for the late circulation of the report which had been sent to Federation HQ but, because of an oversight there, there had been a delay in passing it on. He mentioned that he was pleased that the costs of production of the journal had been kept down. Whilst he had enjoyed undertaking the task of editorship he would be standing down from the post in 2004. He thanked everyone for their help and support.

MRS KENDALL, on behalf of Executive Officers, said she was sorry to hear of the decision and recommended that notice of this should be given in the next edition of the journal.

MR WALSH confirmed to MR PEBERDY that the report on training had simply been reproduced following receipt of copy from Mr Logan of POL.

MR PEBERDY wished to place on record a vote of thanks to Mr Walsh for his time as editor, for his good humour in what was not an easy job.

The Report of the Editor was accepted.

DECISION

A/7 CONFERENCE RESOLUTIONS PRIOR TO 2003

No report.

A/8 CONFERENCE RESOLUTION 2003

**Category "C" Resolutions – 47, 63, 64 & 67
Resolution 55 Uniform Business Rate**

PO PZ 01 07

As circulated.

A/9 MOTIONS TO THE EXECUTIVE COUNCIL

No motions.

A/10 DEPARTMENTAL CORRESPONDENCE

(A) FOR DISCUSSION

Post Office Ltd

1. Network

PC NW

a) Extended Use of Horizon Trial

PC NW 06 01

MR DAVIS said when Horizon had first started there had been concern that subpostmasters could no longer give out-of-hours service. He outlined the trial allowing out-of-hours service on Horizon for bill payment, pre-payment tokens and Quantum and E-Top-Ups.

MR MARK BAKER had been told the kit would be available for purchase and he asked whether it would facilitate personal banking.

MR DAVIS said the circulated correspondence was the extent of information to hand which made no mention of purchase.

b) Smartpost User Group

PC NW 06 10

The correspondence was the outputs for the Smartpost User Group which included a list of fixes and future enhancements. The EC had already discussed the "Stay in Smartpost" or "Serve the Customer" issue. He had

been at pains to explain to the POL team that even with the standing down the user group, the NFSP hoped it would still hear what was happening with Smartpost as it would develop and grow. He had been assured that would happen but by direct contact.

MR WILLSHAW asked that a letter be sent to Kam Matharu and Alastair Taverner thanking them for the useful time they had spent on the group. MR DAVIS said he would do so and had already expressed appreciation to them publicly.

ACTION

c) CIT Delivery Standards Review PC NW 09 03

Nothing to add to the correspondence, no reports back had been received.

d) Track and Trace Trial in Hull PC NW 09 03

Nothing to add to the correspondence, no reports back had been received.

e) NFSP/NSCC Quarterly Meeting PC NW 09 06

f) Logistics Support Forum PC NW 09 06

Minutes from the Quarterly Meeting had been circulated, also of a meeting with Logistics Support at Swindon which indicated that the ownership of the National Secure Stock Centre had been passed to Logistics Support but an assurance had been given that there would be loss of standards. In future, the Hemel Hempstead and meetings with Swindon and with Dermott Martin, who managed the relationship on behalf POL, would be combined. The next meeting was scheduled later in January. Despite the problems, the forum did allow for the NFSP's views to be sought and received.

g) Secure Stock Order Forms PC NW 09 06

Information had been supplied at short notice. At the NFSP's request, it attempted to make the order form Horizon-friendly, ie, fitting with that system. MR DAVIS had received comments back from Executive Officers one of which was a query as to why there should be 4 versions. This was because of the regional stamps. Christmas had delayed progress but there would shortly be a meeting at Hemel Hempstead when suggestions received would be put forward.

h) Changes to Value Stock Ordering PC NW 09 06

This correspondence concerned minimum order quantities and indicated that POL had not accept the NFSP's view on the issue. The question was where/how then to progress the NFSP's view. Concerns were around the volume and value of stock held in offices, security and the impact on quality of stock held over a period of time. POL's opinion was that cost-effectiveness of distribution was for them more important.

MR PEBERDY reported on the length of time for submission of orders from 4/5 days, he had been advised by branches that that "window" had changed together with the change of delivery date to, in some cases, a Wednesday.

MR DAVIS undertook to address the issues when next at the meeting in Hemel Hempstead.

MR DARVILL reported that some receiving offices had not had sufficient stock over Christmas there having been great difficulty in getting "specials".

2. Subpostmasters Contract

PC SC

a) Christmas and New Year Arrangements

PC SC 05 01

MR DAVIS asked for sight of the printouts which some Executive Officers had in their possession as the NFSP had to go back in the post-Christmas review and make POL aware of what had happened. What was needed was evidence to show how few transactions were undertaken on the day/s in question.

MR FERGUSON thought POL would already be in possession of all the evidence needed through access to Horizon system.

MR MARK BAKER said many subpostmasters had already sent their transactions logs to Mr Mills. The NFSP should make him fully aware of what a "massive shot in the foot" he had directed at POL's working relationship with subpostmasters. Members took great exception to being forced to open on the 27th December and misinformed as to the reason for it.

MR PEBERDY pointed out that in 2004 there would be an entirely different situation, ie, a long weekend. The Horizon system would give an overall picture for the recent Christmas period but the experience of individual offices/areas varied; for instance, his own office had been quiet on that day but on New Year's Eve at 4 pm it had been particularly busy.

MR MILNER believed POL should not dictate to subpostmasters in this situation, but allow them to decide for themselves. His own office having been very busy on New Year's Eve morning but extremely quiet in the afternoon and to have closed at 12.30 would have been ideal.

MR WALSH commented that subpostmasters in his area had been told Royal Mail would clear the post but, in fact, it had been brought back because there was nowhere to take it to in Reading.

When the review report was made it would include such instances, MR DAVIS promised, and the suggestion would be made that what should happen in 2004 should be along the lines suggested by Mr Milner.

A Retail Line Manager had informed MR WILLSHAW that 100 offices in the SE had not opened on the Saturday.

3. **Subpostmasters Pay** PC SP

a) **DVLA Temporary First Licence** PC SP 01

Nothing to add to the correspondence.

Post Office Clients

4. **Foreign Exchange** CL FX

a) **Bureau Automation/Expansion** CL FX 01

Having put Bureau de Change on to Horizon, the email of 3 December indicated an extension of the network for full on-demand service and Euros and Dollars. Information was awaited on results of the trial.

MRS JENKINS' office had been involved in the trial and she reported it had been a great success.

5. **Lotteries** CL LO

a) **Camelot GVT Removals** CL LO 01

Correspondence concerned removal of terminals. The process was subject to appeal but MR DAVIS could advise that 2,000 of the terminals in post offices had very low lottery takings per week.

MR PEBERDY asked that sub post offices where terminals were removed should be given an appropriate notice to display in order to make it clear to customers that it was an office which was in contravention of any terms of contract.

6. **Mobile Communications** CL MC

a) **E Top Up Marketing Activity** CL MC 08

Nothing to add to the correspondence.

7. **Royal Mail** CL RM

a) **Home Delivery Trial** CL RM 05 02

The correspondence concerned the extension of the convenient delivery trial in Nottingham, subsequently extended to Beverley, Newbury and Bristol, but no further information apart from that.

MR MARK BAKER had contacted the offices in Bristol involved in the trial only have of which had been surveyed by POL. Of those surveyed, there had been no mention of Health & Safety risks for staff regarding space.

(B) FOR INFORMATION

Facia: MR DARVILL had been advised that the design of the facia currently used by POL had been changed recently, only one company had the specification and were able to supply, that company being the most expensive. It seemed to him that POL were making a profit out of appointing exclusive/preferred licensed suppliers.

THE GENERAL SECRETARY asked for a description of exactly how the facia had changed. He was not sure whether it was legitimate for POL to have a let-back contract to one company. He was of the view that to date POL had recognised a sign manufactured elsewhere provided the sign met their criteria.

MR DARVILL thought the office name was no longer on the logo but the name was on the right hand end in white lettering as previously and, on the left where the green extended to the end, there was now a swirly white patch. Not having the office name should mean facia could be manufactured in bulk.

THE CHAIRMAN undertook for enquiries to be made. It was known that POL did charge highly for selling items with the Post Office logo, eg, the massive "hike" in September in the price of Postpaks available from Magson.

ACTION

Cash Account Calendar: The 2004/05 edition had been received and would be circulated in a BSC and "The Subpostmaster", MR DAVIS added.

A/10 moved en bloc.

A/11 REPORT OF CENTRAL APPEALS

No reports.

A/12 GENERAL SECRETARY'S REPORT**a) BT and Multimedia****FM CM 02**

THE GENERAL SECRETARY said, without Mr Butt being present, he wished to bring the Council up-to-date **CONFIDENTIALLY** on developments and difficulties encountered since the presentation given to them at the previous meeting. He had had meetings (also attended by Nadeam Butt and Ken Boosey) with the consortium, ie, with BT and Multimedia, venture capitalists, also 2 meeting with the E-Envoy's office. E-Envoy was the person within Government charged with bringing together and delivering electronic developments.

He (by himself) had also met with POL as the Post Office's view of the proposition was important to the NFSP because without it there would be difficulties in securing the required £140 million. POL had raised some

important questions and had strongly recommended that the NFSP get professional advice. [As an illustration he quoted that for POL's deal with JD (£120 million) the company had spent a considerable sum on "ripping the backside" out of the deal and putting it back together again in order to understand all the implications.] The consortium deal as it stood involved 4 parties, Multimedia equity was only just over £1 million which meant that a loan of £140 million was required on £1 million! The only company involved which could afford that amount was BT and the company would not act as guarantor.

Another important point was the contract individual subpostmasters would have with the consortium and what would happen if the kiosk machine did not meet financial criteria or targets. It now appeared that the revenue and costs forecasts reported in October had been unrealistic. The terminal itself would cost more than that of the "Your Guide" terminal. POL accountants had estimated that the terminal must do £8,000-£9,000 pa minimum before the subpostmaster made any profit; therefore, there was a question over whether or what equipment was put into smaller sub post offices. It had been calculated that out of a total revenue of £14,603 per siting, £6,193 would be left after costs had been taken out; the subpostmaster would get £5,837, leaving the borrowers £300 per site.

This did not add up to a robust business plan and that although the NFSP was still keen it was cautious, eg, the E-Government had proposed to pay £60,000 but it now looked as if the figure was £12,000. Someone had leaked information to the press and a report appeared in the "Daily Mirror" on 2nd January to which the NFSP had responded which had counter-balanced a report on "Postmaster.net" that had appeared on December 21st in the "Financial Mail on Sunday". Moreover, it appeared that E-Daily were now talking to "Postmaster.net".

Therefore, more work on the business model was needed and 4 weeks had been allowed for that. The idea for the trial was to place 500 machines in the offices in Leicestershire and Rutland (ie, the "Your Guide" offices which already had the space and a 13 amp plug +line) and funding for this was in place for that via Syscap, venture capitalists. It was also proposed to put terminals in Executive Officers offices to test viability + other areas such as in Stephen Timms constituency, Ireland, Scotland.

BT only wanted the terminals to be put into convenience stores as the results there might provide a better demonstration but the NFSP wanted them in a range of offices. The commitment of Government was necessary and there was shortly to be a meeting with Stephen Timms. A potential income stream was the sale of the "pause" screen. As an example of the business case problems to be contended with he gave the example of BT having set out by saying it wanted 30% of the proceeds of any advertising or retailing.

Nadeam Butt had been handling negotiations expertly but there was considerable doubt as to his continuing his career in secondment from POL

Handco . 32-33

as Commercial Manager with the NFSP. POL support was needed as without ATM functionality the commercial case for subpostmasters disappeared; to go ahead without POL would probably result in a subjunction for breach of contract because subpostmasters would in effect be undertaking banking. He had suggested using POL money to fill the machines (ie, Handco). Currently POL were talking to Link to become one of the group but currently the competitive organisation involved with the consortium was Quickpay.

THE CHAIRMAN expressed his concern over the financial implications for the Federation and queried the cost of advice.

In reply to a query, THE GENERAL SECRETARY said, that the position with E-Daily was that the company was in breach of its contract with the NFSP and the association had been terminated.

MR FERGUSON saw many pitfalls and asked POL's attitude? Handco were active in selling ATM to subpostmasters and what would be the position for them? What would the venture capitalists get from the deal? How committed were people like POL, Royal Mail, DVL to having their forms printed by the kiosk? The NFSP needed to know the truth.

THE GENERAL SECRETARY replied that POL had been dragged from a negative attitude, through neutral to now wanting the trial to take place to ensure it was a commercial plan so, that is it was treating the proposition no differently to others submitted by any organisation. POL's concern was contractual acceptability and no cannibalisation of post office transactions,. As regards E-Top-Ups, he did not believe POL would take issue with that and had agreed for E-Top-Ups being on the kiosk. POL was itself working on a low value terminal for the private side, it was concerned about E-Commercell backed by Ampost. If the kiosk had ATM payment via Quickpay as opposed to Link, any transaction that did not go over the counter but through the machine might be cannibalised ie, taken from a POL transaction to Quickpay. If the subpostmaster earned less for a kiosk-paid ATM, both POL and the subpostmaster would lose out. However, they POL see the case for subpostmasters having the kiosk and not allowing it to go to, for instance, Tesco or National Federation of Newsagents. 20% of sub post offices already had ATM's and a 5-year contract with Handco – he did not know whether Quickpay be replaced with Link and Handco be part of the deal? He did not know what the venture capitalist would get out of the deal. Overall it was understandable that, seeing that the Government had made an investment in technology for every counter, there were bound to be questions regarding a machine that might take business away from the counter.

MR WILLSHAW said Postmaster.net had 4,000+ members and made comments to Richard Barker frequently; therefore he cautioned against Richard Barker's dealing with the aspect of the situation.

MRS REEVES added that Postmaster.net had written to its members with details of the proposals for a E-Daily kiosk. She was concerned that the pilot trial might end in the same way as "Your Guide" had, ie, not going anywhere.

THE GENERAL SECRETARY had stressed to the consortium that subpostmasters/NFSP must be first and best in class, hence the need for prompt action - the risk was that in taking time to ensure the foundation was right, this might result in being placed second.

MR PEBERDY thought that whilst revised financial income stream might look less at this stage, the kiosk could result in many new streams, as had been experienced during the pilot of "Your Guide". For instance, in his office he had a Multimedia screen and had suggested the company's number was put on it, since when they had been inundated with local adverts. Multimedia also had its first national advert: Powergen.

He proposed asking the General Secretary to source estimates of costs of competent financial accountants and professional commercial solicitors, eg, Clifford Chance. Proposal seconded by MRS REEVES.

MR CYRIL JONES liked the idea but thought there was a long way to go with the financial plan. He said the £140 million would attract interest repayments which @ 6% = £8 million pa.. Divide that by total sub post offices (18,000) meant £7,000-£8,000 needed to be generated by each post office for interest. However, the likely figure of post office was 6,000-8,000 so the machine would have to generate £18,000-£20,000 before it made any return. Moreover, all the parties involved would want a share: BT, Multimedia, POL, venture capitalists, besides NFSP/subpostmasters. In his office the Handco ATM charged customers £1.50, it only did well when the machine in the adjacent Tesco store, which charged nothing, broke down!

THE GENERAL SECRETARY said POL were standing away from the proposition until its viability had been proven, it did not appear to want any money from it, but if the ATM was POL-fill then POL would benefit from that. To date POL had always been willing to meet and discuss things, it was BT which had been somewhat reluctant. The current timetable was: January – advice to subpostmasters, February – launch; March – initial machines to go into sub post offices. 100 machines would be installed in a month and would be operated for months 2 and 3 in order to evaluate and address any problems arising during installation, usage and evaluate income build-up compared to projected figures. On satisfaction completion of the evaluation it was proposed to roll-out 100 machines in each months 4, 5, 6, with a further 2-month overall evaluation period on completion of the initial roll out. Meanwhile, the necessary discussion and consideration of the propositions and proposals demanded a large proportion of his time and took him out of the office – which meant that resources at Shoreham were even more stretched.

Mr Peberdy's proposal was voted upon and carried. THE CHAIRMAN counselled that the decision had been taken by the Executive Council, it

DECISION

would be for the STC (Subpostmasters Trading Company) to decide whether the company should pay the consultation fees involved; NFSP funds should certainly not be put at risk.

THE GENERAL SECRETARY was worried about resources at Shoreham – particularly as the project escalated. He had been asked by Lord Harry Mitchell to be the lead in asking £1 million of BNP, Bank of Scotland, Barclays, City Capital, Lombard, IBM Global Finance, Attaché Credit, Siemens, MSQ. He stressed again the CONFIDENTIALITY of the discussion. Meanwhile, he said, the NFSP had signed a non-disclosure agreement; certainly any amount spent by POL should not be mentioned, nor ATM's; the best thing to say to members if pressed was that the proposition was looking at "revitalising the Government General Practitioner". He read out some figures (albeit with understated costs and overstated income) as an illustration of how important ATM's were in plan:

ANNUAL REVENUE from	Company £	Subpostmaster £
Local advertising	540	5% =27
National advertising	3,939	5% =197
E-Government	3,000	50% =1500
Retail sales	938	50% = 469
E-Top-Up	681	66% = 450
Ring tones	264	75% =198
International calling cards	1,505	75% = 1,128
ATM Cash	3,737	50% = 1,868

Without the payment for ATM's there would be nothing for Multimedia. The estimate put in for E-Government was £60 million (now re-calculated by accountants as being £12 million) and E-Envoy had made it clear he would not give the NFSP a different contract to anyone else, ie, the payment per click. The £140 million was the estimate of costs for 5,000 sitings, although there could be 7,000; there were difficulties in installation and/or removal of kiosks in rural offices if subsequently not proven viable.

In reply to a query from MR MERVYN JONES as to whether subpostmasters might gain an income stream for providing Broadband access, THE GENERAL SECRETARY said it was a factor under discussion particularly as if "TWIGS" were be used on the machines this would give "wireless" broadband to villages – which, in itself, might be viewed favourably by Government.

Presentation by Mr Nadeam Butt

MR BUTT then made a presentation to the Council – please see attached reproduction of Powerpoint slides covering:

- SOS stationery offer (Magsons)
- "Subpostmaster 2004"
- Advertising Revenue showing growth
- Zurich insurance
- Subpostmaster TV
- Financial performance – forecast v income
- Financial performance – 2001 to 2003 by product
- Community Connect

Referring to Community Connect/BT and Multimedia, he said the project was moving forward slowly. NFSP had signed up in a link with Multimedia for a period of time. The proposition was dependent on 4 key income streams: ATM's, advertising, Government information & E-Top-Up's. The NFSP had to be sure that the project would generate additional income and not just substitute income already received. E-Top-Up's were a classic example where it appeared in discussions with Multimedia & BT that they wanted to give a smaller margins to members. Talks had been held in E-Envoy and a proposition put them about what the rates of pay should be for services provided. E-Envoy had indicated that although it was Government and had to give a "one fit all" but if unique services were provided there was a premium to be paid.

Understanding advertising revenue had proved quite complicated. He advised that the sale of 10 seconds of pause advertising whilst customers used an ATM was worth some \$280 per month per terminal. An organisation had been found in the UK who had done this with Wallmart in the USA and which was currently looking at doing a trial of this with Tesco. A deal could had been signed with BT but it had wanted 35% of the offer on advertising – the company was professional but commercially hard-headed, it had some 50 people working on the project.

Certainly legal advice was needed on the contract and that, in itself, would take a period of time. The margins for members needed to be clearly set down over given periods of time with careful management of people's risks and expectations. Moreover, knowledge of what other organisations were doing was important, eg, Postmaster.net and its association with E-Daily.

THE GENERAL SECRETARY advised Mr Butt that the EC had had a previous discussion on developments and commented that, in comparison to BT, the NFSP had 2 people working on the project part-time!

In reply to questions, MR BUTT advised that Magsons was supplying to directly managed offices. The NFSP could have access to Magsons books if it wished for audit purposes to trace the commission to which it was entitled, currently it supplied monthly sales figures to him.

In the consortium, MMI would bring the funding - the company had a proven successful formula/model bringing credibility. BT was a company which, similar to POL, would find it difficulty in getting funding.

It was pointed out that people used ATM's to get money quickly – they might not wish to use the kiosk if a charge was made and money could be obtained free from the counter; moreover, what would happen if the machine was being used by a customer who wished to access a service which took some time to complete. MR BUTT said there was a balance to be considered in that a "free-to-user" access might generate more customers and prove more attractive for advertisers but the payment for such ATM-use was only 39p and that had to be divided between retailer/host, whereas the

£1.50 fee gave a return of 60p-70p. One of the reasons for having a printer connected was because most customers preferred to take a print-off away to read rather than the screen. There would not any "form-filling" on the screen and there was a payment for going into a Government site.

Postmaster.net with its 4,000 members did appear to constitute competition but nothing was known about profit margins, what revenue for what products/services was being generated, whether a deal had been done with E-Daily. Certainly Postmaster.net was intent on forging ahead.

How soon the trial could be set up was dependent upon its size, where, and whether agreement from POL was forthcoming on ATM's. Assessment needed to include the perception for all parties involved. For a subpostmaster that might be, for example, a comparison of E-Top-Up's transacted over-the-counter versus Kiosk transactions and revenues.

THE GENERAL SECRETARY said the business proposal was for a trial of 500 but it could be that this would be broken down into pre-trials of, say, 20 with "firebreaks".

MR BUTT thought 500 was a large number and one in which there were bound to be winners and losers. He thought smaller groups would be a more manageable and prudent approach. Adding to the General Secretary ambitions for the project, ie, to be "best and first in class", he said that there was nothing in the paperwork which said it was exclusive members as the consortium would be very unlikely to agree to that.

MR BUTT replied to a question about "the drive to get it out" and confirmed it was coming from BT but he did not know how soon they would look elsewhere if progress was not made - he had done his utmost to convince them that the key was the NFSP and its members. There were a number of versatile new organisations focusing on and attacking sectors, building a reputation and becoming specialists (eg, ViRSA). They were small teams, with no history, fighting for survival but forging ahead and getting funding. If decisions they made were wrong they changed course and moved on. In most cases if one looked at whom these organisations had claimed to have helped, it was a post office. The NFSP was fortunate in having "The Subpostmaster" which was a useful tool but at a cost; these organisations had to rely on their website but the cost was minimal. They all had good websites set up on a fraction of the amount put into the Federation website and the resource it had got. He had seen mention of a NFSP Conference Resolution asking for Rural Executive Members but, 6-months on, the Federation had not clarified what was wanted or produced anything. Spending a period of time not making a decision achieved nothing and, even then, ultimately did not ensure that a correct decision was made.

MR CYRIL JONES said there was a subtle difference in that officers in those organisations were paid, whereas NFSP officials were voluntary, also running their own businesses. The Federation's modus operandi was different - it's objective was to protect the rights of subpostmasters; ancillary

operations had grown up over the years with only minimal resources because of low funding. The project under consideration was to generate cash – but that cash was primarily for the subpostmaster, not the organisation. Rather than try to emulate other organisations, the NFSP needed to look at changing its set-up completely and then it might be able to beat them at their own game.

MR BUTT had not meant to compare but point out what fresh organisations starting with a blank sheet were doing. They had the potential to take membership away.

THE CHAIRMAN thanked Mr Butt for his presentation.

b) Management Advisory

FM MS 06

As in circulated correspondence, confirmation of decision at October EC meeting. Management Advisory services remained a popular benefit.

A/13 TRADING

a) Briefing on Subpostmaster 2003 Review

As circulated. MRS JENKINS had concerns about the proposal regarding air transport from Scotland and Northern Ireland, particularly the request to submit the number of seats required by 1st February, 2004. There was no mention of price. MR FERGUSON thought it unlikely that members in Northern Ireland would wish to pursue the suggestion. THE GENERAL SECRETARY undertook to relay this opinion.

It was recommended that the General Secretary, Kevin Davis, Patricia Jenkins and Nadeam/Ken should liaise on issues concerning "Subpostmaster 2004".

ACTION

A/14 EXECUTIVE OFFICERS' REPORTS

No reports.

A/15 ANY OTHER BUSINESS

MR WILLSHAW addressed a vote of thanks to THE CHAIRMAN for his robust and skilful chairmanship of the meeting.


THE CHAIRMAN THE CHAIRMAN wished Executive Officers well in the Triennial Elections 2004-2007. He said he had enjoyed the task of chairing the meeting - which he then brought to a close.

GRO

LYNDA WILLOUGHBY
GILL PAYNE

National Executive Council Meeting

Publicity & Development Committee Report



January 2004 1

ANNUAL CONFERENCE 10-12 MAY 2004

GRAND HOTEL, TORQUAY

- £100 dinner bed and breakfast + £40 for spouse
- £70 bed and breakfast + £23 for spouse on Tuesday night

Conference Reception – Sunday 9th

- Pianist to play 5 – 6 pm (£50)

Informal Evening – Wednesday 12th

- Speakeezee Trio (£195)

January 2004 2

GALA DINNER Tuesday evening 11 May, 2004

- Schedule/arrangements for evening as outlined previously
- Entertainment South West to set up microphones and speakers (£150 quoted)
- Moonlight Band booked (£550) – led by Dusty Miller, also vocalist + drums, bass, keys, sax.

January 2004 3

ANNUAL CONFERENCE 10-12 MAY 2004

Exhibition:

- Suggestion that Trades Exhibitions should provide publicity material for "Subpostmaster 2004"
- Depending on developments, invite e-commerce partner
- Demasar not to be invited to exhibit as a relationship commercial

January 2004 4

ANNUAL CONFERENCE 10-12 MAY 2004

Church Service – Sunday 9th

- Delegates to join congregation for morning worship at Central Church, Tor Hill, Torquay

Photographer

- Henson Photography - £80 per day (£240) + images on CD. Photo orders £5 for 7"x5" mounted photo

Chauffeur

- Neil Whitehorn, as in recent years.

January 2004 5

Annual Conferences 2005, 2006

2005 16- 18 May - Confirmed at Scarborough Spa Complex

2006

15-17 May - Torquay not available.
Eastbourne already has one provisional booking, NFSP provisionally booked second on list

22-24 May – Torquay available
22-24 May – Eastbourne possibly available
12-16 June – Torquay possibly available

January 2004 6

Review and Format of Conference

Resolution 78/2003

Consultative process being undertaken:

- P&D representatives met with SO representatives on 15 Sept
- P&D Committee met with North East Branch representatives on 27 Nov
- P&D to meet with Branch representatives in other Regions

January 2004

7

Members-only Website

- Went live on 1st October 2003
- Members received their membership card with membership number and password later in October
- Federation officials contact details correct
- New payment rates input
- Federation Helpline and Relief Subpostmasters information completely updated
- "Notices" facility starting to be used
- To date only 520 members have registered on the site

January 2004

8

Recruitment

- Membership statistics modified following provision of information on post offices still open - where name of subpostmaster not advised.
- Consequent increase of 1,000 potential members - recruitment opportunity!
- Reflects adversely on density level (now 77%)
- Mailout to non-members from Federation HQ planned early in new year.

January 2004

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"Subpostmaster 2003"

- Overall felt to be improvement on "Subpostmaster 2002"
- 15% more visitors
- Standholders pleased with positive responses and orders
- NFSP stand appeared to have more room. A recommendation if for Stand to be on visitors' right when entering
- Roster of EO's manning stand not adhered to

January 2004

10

"Subpostmaster" Exhibition - future strategy

- EC Resolution for 2004 Exhibition to be held at alternative venue (Midlands or North)
- Meeting with Trades Exhibitions on 19 November
- G-Mex Manchester not felt suitable
- Unlikely availability and suitability of NEC Birmingham for 2004
- Decided "Subpostmaster 2004" should be held at Wembley
- Availability of NEC for 2005 to be ascertained

January 2004

11

Promotional Activities

Carrier Bags

- 5,000 printed
- Given out at exhibition
- Suggested should be available for subpostmasters to order
- Logistic difficulties in distribution and accounting

Quarterly flyer

- Distribution difficulties

January 2004

12

NFSP Poster

Does YOUR bank let you collect cash here? Ask us today

January 2004 13

Training Pilot – Retail Academy

Successful to date

- 31 subpostmasters attended introductory workshops in South East: Bluewater, Dartford, on 2 & 16 November
- Brighton, on 9 November
- Similar workshops to be held during January in Preston, Sunderland and Stockton areas.
- Enthusiastic responses when I addressed Preston Branch.

January 2004 14

Conference Resolutions 2003

Resolution 75: publicity material – requirements to be borne in mind

Resolution 76: transfer of bank account pensioners to post office – discussed under agenda items A/3 "Campaign" and A/5 "Posters"

Resolution 78: Format of Conference – consultation process undertaken

Resolution 80: survey – already actioned

January 2004 15

Conference Resolutions 2003

Resolution 79: *Allocate specific human & financial resources to provide "rural business officer" in each Region*

- Employment of a person to cover all regions – salary?
- If regional who (with sufficient time & knowledge)? Payment per hour + expenses?
- Where would budget come from?
- Liability if in providing support incorrect advice given?
- Regional Secretaries written to to ascertain their views

January 2004 16

Executive Council Commercial Update – January 2004



The National Federation of Subpostmasters – Speaking for Subpostmasters

SOS

- Sales of branded packaging has grown to 30%
- Positive feedback from members at the exhibition
- Largest stationery buying group in the UK
- NFSP realised £22K income for 2002
- Income target for 2003 was £40K
- NFSP will realise £71K income for 2003
- Sales target for 2003 was £2m
- Delivered £2.5m



The National Federation of Subpostmasters – Speaking for Subpostmasters

Subpostmaster 2004

- Exhibition to remain in Wembley for 2004
- Difficult market
- Exhibition increased in size
- First draft of stand to be available by end of March
- 2002 delivered a total of £35K income
- 2003 delivered a total of £51K income
- Project plan available January



The National Federation of Subpostmasters – Speaking for Subpostmasters

Advertising Revenue Showing Growth

- Seven editions of "Business Matters" in the first year
- Advertising market in decline
- Editor, Portsmouth, Bev and Commercial team working partnership
- Cost up by £4K
- Advertising income increased by over £40K.



The National Federation of Subpostmasters – Speaking for Subpostmasters

Zurich

- Claims ratio still under break-even
 - NFSP portfolio currently loss making for Zurich
 - Zurich concerned because of falling membership
 - Income still under threat
 - Increased market share
 - 2002 income increase by £9K
 - 2003 has seen an additional increase of £6K
 - Action taken to protect NFSP income
 - Coordinated marketing plan devised
 - Propose to produce/run 6 features in the Journal
 - Discount level maintained
- Zurich on balance extremely pleased



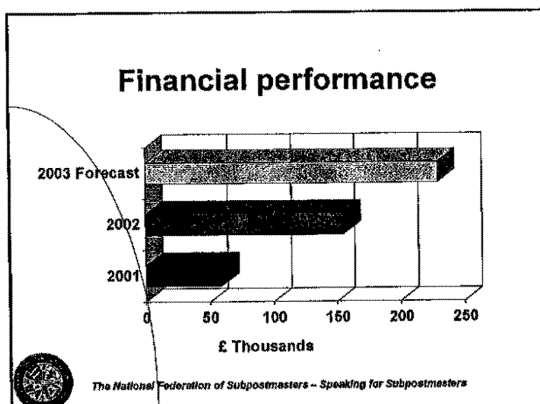
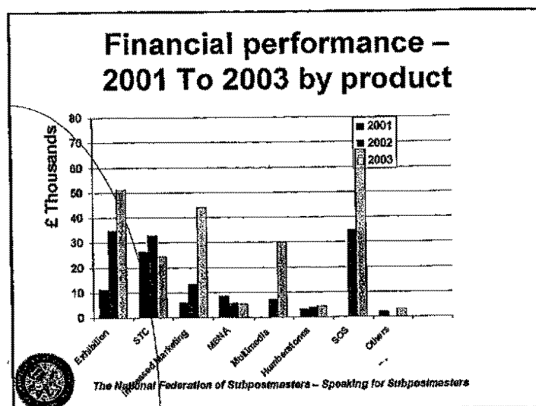
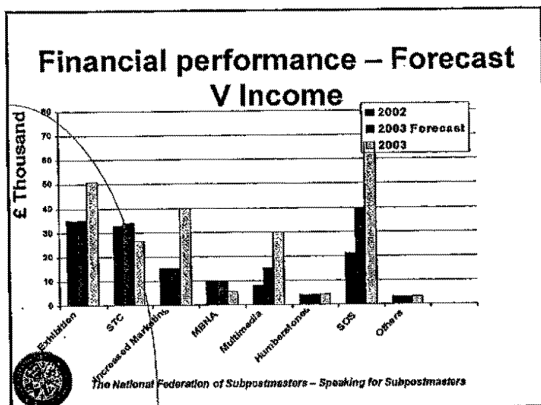
The National Federation of Subpostmasters – Speaking for Subpostmasters

Subpostmaster TV

- Target for 2003 was 500
- Currently 700 installed
- Income projected £15k
- Income delivered £35k



The National Federation of Subpostmasters – Speaking for Subpostmasters



Community Connect

- Project continues to move forward, but slowly
- LOI signed between NFSP & MMI
- The success of the project is dependent on four key income streams
 - ATM's
 - Advertising
 - Government Information
 - E-top up

The National Federation of Subpostmasters – Speaking for Subpostmasters

Community Connect Next Steps

- Insure income is deliverable for the four key income streams
- Open discussions and agree margins with retailers(Argos)
- Identify trial sites and agree number
- Agree contracts
- Agree margins for members
- Manage risk & expectations

The National Federation of Subpostmasters – Speaking for Subpostmasters

'In Confidence'

Address by Gerry Sutcliffe MP, the Minister for Employment, Competition, Consumers & Postal Services also attended by Jonathan Cowdock, Deputy Director, Postal Services Directorate, Department of Trade & Industry

Thank you very much Mr President and good afternoon colleagues. I am delighted to be here, thank you very much for the invitation.

I still see myself in this role as very much that of a new boy in terms of not being in for a tremendous amount of time in relation to the Post Office. My background is that I have been an MP for 10 years from Bradford South as a constituency and clearly I have been involved in politics both at local and national level for many years. I would like to think that I am involved very much with the community that I come from and all the issues around that which reflect in terms of the need for a viable post office network.

I am delighted to have the opportunity to come and speak to the Executive. It is not so much me speaking at you today actually I want to hear from you in terms of the issues that you feel that need to be discussed.

I clearly have seen the manifesto that has come forward and was pleased to meet Colin and others during the immediate aftermath of my appointment because what I thought was an important thing to do was to get everybody in - all the stakeholders that had a role to play within Royal Mail and the Post Office - and around the table to get their individual viewpoints about what was happening and what was going on because what I am conscious of is very much a period of change and I know that you are feeling that on the ground because you and your members are actually at that forefront of the change that is taking place. So today as far as I am concerned it is more about me hearing from you than you hearing from me.

I have to say that in meeting Colin I am very pleased with the way that the Federation operates, how it informs Government, how it informs my officials about what is going on and the relationship the Federation has with the Post Office because I think that is vital for it to move forward. The Manifesto that you have produced I think is a

welcome manifesto. The note that I have here says 'It is a challenging contribution to the debate of the future agenda of the Post Office'. So we will stop at challenging contribution and discuss the detail as we go through.

Whilst we are not going to agree on every element of detail it is clear to me that we all do share that same vision for the future which is to have a viable post office network that's relevant to the communities that it serves. That viability has got to be commercially viable both for Post Office Limited and for individual Subpostmasters. So I think that a great deal of progress has already been made and as your manifesto points out there is a long way to go yet. I think that the Federation's strength is that it can and is willing to have a constructive debate with Government and with Post Office Limited.

I want to stop at that point Colin and congratulate you on your New Year's Honour. I think it was well merited and clearly shows the esteem that the Federation is held in and the work that you have done over many years.

I have had a long chat with David Mills who is the Chief Exec of Post Office Limited, I know you are aware of that, and we have had a long debate about the issues that we are facing.

But we set the Royal Mail and Post Office a very genuine task to turn the organisation around.

You are aware of the PIU report and the difficulties that were being faced in terms of the losses that were being made and we supported the recommendations of the PIU report.

I would like to say that I think that the branding of the new products is starting to pay off. I, like you, have been off over the Christmas period with the flu that everyone has had so I was in bed from Boxing Day till New Years Day but I had the TV close by and kept seeing the ads on the TV with all the various Post Office products that were being put forward and I think that is a step in the right direction.

I think that the liaison between the Bank of Ireland and the Post Office is a fruitful one and I hope to hear from you today how you think that's working, how you think that's developing and where the strengths and weaknesses in that relationship need to be looked at.

I have to say in conversations with David Mills I feel it is a genuine attempt to try and move things forward and we have got to do that because clearly we have all seen the campaign in terms of the urban reinvention. Whoever entitled it that I don't know, but the issues around that in my own constituency where we have seen 6 post offices close, and I know personally how that has gone down in the community and some issues that it has thrown up around there, and I know that you know that many people suddenly discovered their post office when it became too late in terms of trying to save the post office that they weren't prepared to use prior to the problems that were there.

But we do need a viable network, we do need to have new services, we do need to learn from successes that there have been and that have been sought of your organisation in terms of the investment that some of the Subpostmasters are putting in, in succeeding to see services develop.

The Government's perspective is that clearly we feel we made a commitment in terms of the £2 billion that has been put into Royal Mail, the support that's gone through the rural network and the support that is coming through the Office of the Deputy Prime Minister have all been contributions to try and make sure that there has been a commitment from the Government to support the Post Offices and the Post Office network.

Now on urban reinvention it has been a challenging task and there clearly has been lots of heartache not only for individual Subpostmasters that took the payments, but those that are left and the impact on their businesses, and then the impact on our communities and, as a constituency MP, I have personal knowledge of what that has meant.

It is good to see some of the figures that are through in terms of people's satisfaction rates once the closure has taken place and the business has been transferred to the

other post offices how the satisfaction rates are starting to increase and I am keen to see and have reported, reported is the wrong word actually, appear before the Department of Trade and Industry Select Committee in terms of what I expect to see in the future.

We are going to see the Postcomm survey which will look at any gaps that we have created by the reinvention programme and what we need to learn from that, and I think that is a positive step in the right direction.

I am told that the average payment that is being paid out to Subpostmasters is about £60,000, that the money that's been provided by the Government and is being spent. There are good examples of things that are happening and Duncan House the Subpostmaster at Alder Road Branch in Pool who made a £20,000 investment in his business after 3 nearby branches had closed estimates that in 2004 the footfall at his branch rose by 50%, his sales of travel and banking products doubled 100% and the improvements also helped his retail business where sales rose by 30%. I know that's not the norm but that's an example that will hopefully inspire all of us.

As I said I want to hear from you about the issues around the financial services and banking at the Post Office and how that's working and how you see that developing. I am being told that things are going well, that it is going, and I know that your Executive Council had the opportunity to be involved in an input in the services that were being provided.

It is important to me that we do things and work together in terms of how we try and move this forward. The Government's role as major shareholder in Royal Mail is to be seen to set a financial turn around of the organisation set within guidelines within social responsibility. But also to make sure that we have an input in what goes on and I think there are some very complicated relationships when you look at the role of Postcomm, the role of Postwatch, your own roles as individual businesses and reflectively through the Federation and the relationship with the Royal Mail as an organisation.

We are clearly coming to an end in terms of the recovery plan that was put forward for Royal Mail in 1999.

Before being the Minister I was PPS to Stephen Byers at the time when the Royal Mail and the unions in Royal Mail were asking the Government to give the company greater commercial freedoms and greater independence from the Government. So its quite interesting now to hear some of those same people say that the Government has now got to invest even more money in what goes on and I think there are some interesting relationships around there.

We know that the move to direct payment was a major impact as far as the relationship with Post Offices was concerned and we know there has been some difficulties around the Post Office Card Account.

I hope that that's now resolved and I have spoken to Alan Johnson who is now the new Secretary of State for the DWP and clearly has a background within Royal Mail and the Post Office and knows the business very well. Colin Baker was closely involved in the discussions last year with the DTI and DWP on the pre-populated form for the Post Office Card Account and the Federation put forward a number of proposals for improving the process which were implemented, if there are more problems around that I would be interested to hear what you have got to say this afternoon about that. I know that the Federation were heavily involved again in issues around the forms and the processes of setting up these Post Office Card Accounts.

On the rural network the Government fully implemented the measures that were recommended by the PIU report and obviously we have seen additional funding go into the rural network, and all that additional funding is subject to state aid clearance from the European Commission.

Again we are looking at new pilots in the rural areas which I thought can be then be developed further into the urban network as well, in that you can look at things like Post Offices in community centres, try and find ways of assisting you developing your businesses but also at the same time helping the community as well.

I know that you have got concerns about the Subpostmasters remuneration and the issues around that and again happy to hear what you have got to say this afternoon.

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I believe that progress has taken place, that we need to establish a sustainable network, that we need to be honest and straightforward in our dealings with each other if nothing else, although it is difficult for you to believe that politicians can be honest, but I definitely feel that the style of operation that I try to do is that we can have frank exchanges. We won't always agree, but at least we'll listen to each other in terms of what the issues are and try and have the positive relationship that I know you had with Stephen Timms because I am committed to a sustainable network, I am committed to and do say the role of the post office is vital to our communities and that we have got to find a way through this together.

There will be some difficult decisions ahead in terms of the organisation with structures that we will be looking at and the difficult relationships with different organisations that exist.

Thanks very much for giving me the opportunity of saying those few words, really it is now open to you to ask me questions or to comment. I am delighted that I've got John Cowdock with me today as well so that means that the Minister gets the easy questions and the difficult questions go to John.

Thank you very much for this opportunity.

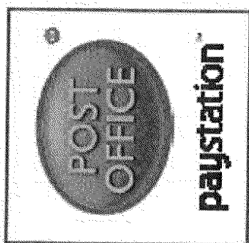
Appendix A

Presentation

By

**Matthew Gibbs
Of
Post Office Ltd**

**Tuesday
22 June 2004**



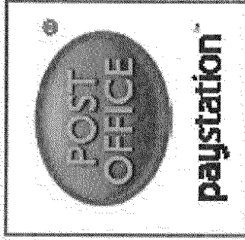
Post Office ® paystation TM

Presentation to the
National Federation of Subpostmasters
Executive Committee
22nd June 2004

In Confidence

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What is paystation?



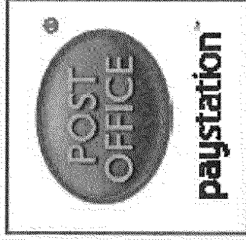
A flexible payment terminal



- Allows customers to charge utility keys, pay for transit and mobile phones top ups during extended hours
- New terminal, primarily on the retail side
- Voluntary for subpostmasters
- Independents are most likely to take the product
- Launch starting October 2004 with a pilot

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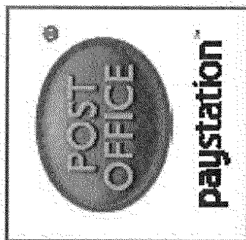
Why are we doing it?



- Increase retail footfall in all locations
- Take on the competition
- Fulfil the need for an out of hours service
- Give profitable access to new products
- Corporate Vision:
 - Bill payment recovery
 - Entry into Smart Transit Market (set to grow to £2bn 2005/6)

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UK Network

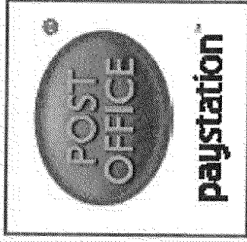


- Client need drives the offer regionally.
- Initial Branch Selection
 - Independent Agents
 - Directly Managed
- Questionnaires and follow-up



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The Network: Timings & Location



The optimum network will initially consist of 5,000 terminals.

October 2004 Pilot: 180 terminals in the S. West and London.

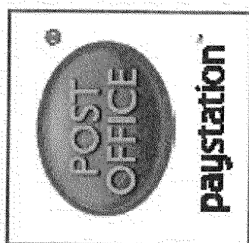
January 2005 Phase 1: 670 further terminals in London.

April 2005 Phase 2: a further 4,150 terminals roll-out to the UK.

These targets are subject to agreement with our suppliers and clients.

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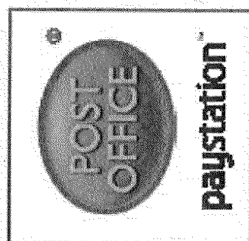


Phased approach

October 2004	Year 1 Jan- March 2005	Year 2 Plus From March 2005	Year 2+ Plus From Sept 2005	Potential Products in the future
Pilot	Phase 1	Phase 2	Phase 3	Phase 4
E Top-up	E Top-up	Quantum	Other Transit	Congestion Charging
Transit	Transit			Bill Payment
Key Recharge Electricity	Key Recharge Electricity			Debit Card payment

Plus Other Products

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Targeted Clients

Who will be targeted first?

- E Pay
- TranSys for Transport *for* London
- EdF(Electricite de France)

When do they come on board?

- October Pilot

Which technology will we support?

- E-Top Up
- Oyster recharge
- Actaris key recharge

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Propositions

Agents

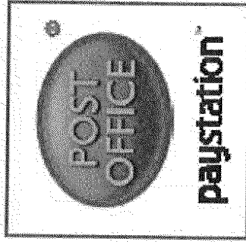
- Market based proposition
- Additional income average up to £3,000 (provisional)
- No capital outlay but will need to have telephone and power lines
- Full Training
- Technical and customer Helpline

Customers

- Easy access
- Convenience
- Reliability of the Post Office
- Trust especially around £

Clients

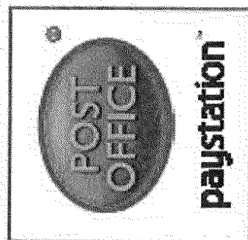
- Competitive pricing
- Out of Hours Network
- Security and Integrity of Post Office Ltd
- Continuity of Network
- Customer Service





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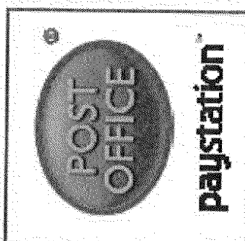


Income - Provisional

	Annual Transactions	Annual Agents Income
Electric	5,641	£457
Gas	1,553	£126
Transit	6,947	£2,682
Mobile	743	£170
Total	14,884	£3,435

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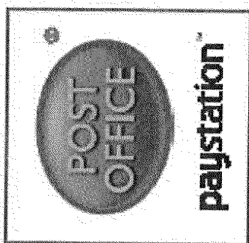
Key dates



June	<i>NFSP EC Briefed</i>
June	Internal and Stakeholder Communications begin
July	Questionnaire 1 with Trade Marketing pack delivered – 10,000 SPMs and selected DMBs
September	Questionnaire 2 with Ts and Cs delivered
October	Pilot Go live (180 branches)
January 2005	Phase 1 Go live (850 branches in total)

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Issues



- Client negotiations are still on-going and are in confidence
- Supplier deadlines – working at pace to hit pilot timescales
- Ensuring adequate coverage of agents for localised clients
- The phased roll –out and communicating this to agents
- NFSP Support

e.g. Subpostmaster magazine

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